

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 USIE-00 L-03 H-01 PA-01 PRS-01
ABF-01 FS-01 OPR-02 PER-01 A-01 SSO-00 NSCE-00
INRE-00 SP-02 AID-05 EB-08 NSC-05 SS-15 STR-07
OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-07
NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /089 W
-----008663 021640Z /53

O 021635Z FEB 78
FM AMEMBASSY PARIS
TO DEPARTMENT OF TREASURY IMMEDIATE
SECSTATE WASHDC IMMEDIATE 5180

C O N F I D E N T I A L PARIS 03245

PASS EB/EUR (STATE) AND FEDERAL RESERVE

E. O. 11652: GDS
TAGS: EFIN, FR
SUBJECT: PARIS FOREIGN EXCHANGE MARKET

REF: PARIS 3208

1. DEVELOPMENTS THIS MORNING, FEBRUARY 2, REPORTED
REFTEL, BROADENED IN AFTERNOON TRADING WITH SUBSTANTIAL
TRANSACTIONS BY RESIDENTS AS WELL AS NON-RESIDENTS
BEING REPORTED BY PARIS FOREX TRADERS.

2. DECISION BY BANK OF FRANCE NOT TO RAISE CALL MONEY
MARKET RATE THIS MORNING CONSIDERED UNUSUAL BY PARIS
FOREX TRADERS. THIS IS CERTAINLY DIFFERENT THAN WELL-
ESTABLISHED PATTERN OF PAST TWO YEARS WHENEVER FRANC
HAS BEEN UNDER PRESSURE. TRADING AT BOURSE, SECOND
SESSION, CLOSED AT 4.82-4.83 FRANCS TO DOLLAR AND MID-
AFTERNOON (PARIS TIME) NEW YORK AND LONDON RATES SHOW
DRIFT TO 4.83-4.84 FRANCS TO THE DOLLAR.

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3. SHARE PRICES IN PARIS BOURSE DECLINED ACROSS THE
BOARD AND COMMODITY PRICES ROSE SHARPLY IN REACTION
TO FOREX MARKET DEVELOPMENTS.

4. LATE AFTERNOON REPORTS BY FOREX TRADERS INDICATE
THAT VOLUME IS DECLINING ALTHOUGH DEMAND FOR FRANCS
REMAINS VERY WEAK. A FEW FOREX TRADERS THINK THE MOVE

AGAINST THE FRANC HAS ABOUT RUN ITS COURSE. MOST ARE
MORE CAUTIOUS, BUT A MAJORITY BELIEVES,AS REPORTED
REFTEL, THAT 4.85 TO THE DOLLAR IS A FEASIBLE SUPPORT
POINT BUT SAY THIS DEPENDS ON ACTIONS BY THE BANK OF
FRANCE IN THE COMING DAYS.
HARTMAN

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NNN

Message Attributes

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Disposition Approved on Date:
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Disposition Date: 20 Mar 2014
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Disposition History: n/a
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